

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

STATE OF IOWA ex rel.
THOMAS J. MILLER,
ATTORNEY GENERAL OF IOWA,
99AG25112,

Plaintiff,

v.

JOHN J. DAVIS, in his corporate capacity
and in his individual capacity

CHRISTINE FRANK, in her corporate capacity
and in her individual capacity

PRIMO ACQUISITIONS I, L.L.C., an Iowa
limited liability company

DATA INTERNATIONAL, INC., an Iowa
corporation

TAX 216, an Iowa Partnership

TAX ACQUISITIONS XTRORDINAIRE, L.C.,
an Iowa limited liability company

3624 SOUTH UNION, L.L.C.,
an Iowa limited liability company

Defendants.

EQUITY NO. CE544/35

PETITION

FILED
POLK COUNTY IA
06 OCT 13 AM 9:00
IOWA DISTRICT COURT

[Filed 10-5-06]

The State of Iowa ex rel. Attorney General Thomas J. Miller, by Assistant Attorney General C. Roderick Reynolds, files this Petition pursuant to the provisions of Iowa Code § 714.16, commonly known as the Iowa Consumer Fraud Act, and Iowa Code chapter 706A, commonly known as the Ongoing Criminal Conduct statute, and in support of its claims states as follows:

INTRODUCTION

The Attorney General brings this civil action against John J. Davis and Christine Frank and their related limited liability companies, partnership and corporation concerning the sale and financing of residential real estate.

Defendants repeatedly sold homes at highly inflated prices to first-time home buyers with average or below average credit scores. Defendants arranged for loans for the purchasers by engaging in a pattern of deceit and fraud which induced the mortgage company to make the loans. Defendants repeatedly created documents to make it appear that the purchasers made sizeable down payments when in fact the purchasers had not done so. Defendants wired and transferred funds to the real estate closing agent purporting that the funds were down payments from purchasers when in fact the funds came from the Defendants' own bank accounts. These misrepresentations induced the mortgage company to make loans totaling nearly \$700,000. All of the loans ended up in foreclosure causing harm to the purchasers' credit histories and harm to the mortgage companies because although the mortgaged properties have been or will be recovered through foreclosure, the value of the properties as collateral is substantially less than the respective loans.

The Attorney General brings this action to stop Defendants' unlawful practices, to ensure that Defendants' ill-gotten gains are disgorged, to impose civil penalties and to secure such additional relief as the Court deems just and equitable.

PARTIES

1. Thomas J. Miller is the duly elected Attorney General of the State of Iowa.
2. Defendant John J. Davis (hereinafter "Davis") is the co-owner, managing member and

registered agent of Primo Acquisitions I, L.L.C. Davis is the owner, vice president and registered agent for Data International, Inc. Davis is a partner of Tax 216. Davis is the managing member and registered agent of Tax Acquisitions Xtrordinaire, L.C. Davis is a member of 3624 South Union, L.L.C. Davis is a resident of the State of Iowa and regularly transacts business in the State of Iowa.

3. Defendant Christine Frank (hereinafter "Frank") is a partner of Tax 216. Frank is a co-owner and member of Primo Acquisitions I, L.L.C. Frank is President of Data International, Inc. Frank is a managing member of Tax Acquisitions Xtrordinaire, L.C. Frank is the organizer and is a member of 3624 South Union, L.L.C. Frank is a resident of the State of Iowa and regularly transacts business in the State of Iowa.

4. Defendant Primo Acquisitions I, L.L.C. (hereinafter "Primo Acquisitions") is an Iowa limited liability company which does business in the State of Iowa.

5. Defendant Tax 216 is a partnership comprised of John Davis and Christine Frank that conducts business in the State of Iowa.

6. Defendant Data International, Inc. is an Iowa corporation that conducts business in the State of Iowa.

7. Defendant Tax Acquisitions Xtrordinaire, L.C. is an Iowa Limited liability company that conducts business in the State of Iowa.

8. Defendant 3624 South Union, L.L.C. is an Iowa limited liability company that conducts business in the State of Iowa.

JURISDICTION

9. With respect to consumer fraud, if it appears to the Attorney General that a person has

engaged in or is engaged in an unfair practice, deception, fraud, false pretense, false promise, misrepresentation, or the concealment, suppression, or the omission of a material fact with the intent that another rely thereon, pursuant to Iowa Code § 714.16, the Attorney General may bring an action in district court. Iowa Code § 714.16(7).

10. The Ongoing Criminal Conduct statute, Iowa Code chapter 706A, allows both civil and criminal sanctions. Under the authority of § 706A.3(12), the Attorney General brings this civil action as *parens patriae* on behalf of the general economy, resources, and welfare of this State. Additionally, the Attorney General has been given authority to pursue civil remedies by the Polk County Attorney, and under that authority brings this action to seek other relief as outlined in Iowa Code §§ 706A.3(3)(a) through (g).

VENUE

11. Venue is proper in Polk County, pursuant to Iowa Code § 714.16(10), for the Consumer Fraud Act violations because the Defendants have a principal place of business in Polk County and the relevant real estate transactions occurred in Polk County, Iowa.

12. Venue is proper in Polk County for the Ongoing Criminal Conduct violations because the Defendants own property and transact enterprise business in Polk County, Iowa and the relevant real estate transactions occurred in Polk County, Iowa.

FACTUAL ALLEGATIONS

General

13. Davis and Frank, through a variety of business entities, have invested in residential real estate properties in Polk County, Iowa. The business entities include, but are not limited to Primo Acquisitions I, L.L.C., Data International Inc, Tax Acquisitions Xtrordinaire L.C., 3624

South Union, L.L.C. and Tax 216 (a partnership).

14. From 2002 to the present, Davis and Frank, through their various entities, offered Polk County real estate properties for sale and have offered to arrange financing for the purchasers.

15. Davis and Frank arranged for first mortgages through an Omaha, Nebraska mortgage broker, Freedom Lending, L.L.C. (hereinafter "Freedom Lending"). All of the loans brokered through Freedom Lending were funded by New Century Mortgage Corporation of Irvine, California (hereinafter "New Century"). The real estate closings were handled by Clean Title and Escrow, L.L.C. of Omaha, Nebraska (hereinafter "Clean Title").

16. The appraisals on all of the relevant properties, except one, were performed by Linda Hintz. Hintz has subsequently surrendered her State of Iowa appraisal license. The only appraisal not performed by Hintz was completed by Mark Wallace, who was later convicted of Theft in the First Degree and Forgery for activities related to other appraisals.

17. The corporate entities of Davis and Frank share common office facilities and resources and commingle resources and funds.

18. Besides the named defendant entities, some of the other entities that Davis and Frank have utilized for real estate investment include but are not limited to Heartland Communications Inc., Tax 1 (partnership), Tax 4 (partnership), Tax 12 (partnership), Tax 17 (partnership), Tax 20 (partnership), Tax 22 (partnership), Tax 24 (partnership), Tax 30 (partnership), Tax 201 (partnership), The Parsonage, L.L.C., 5914 Tonka, L.L.C., Cash Consultants L.C., Taxes (partnership), 2221 Carpenter, L.L.C. (corporations, limited liability companies or partnerships but hereinafter referred to as "corporate entities").

19. Davis and Frank have made numerous transfers of real property between themselves and their family members and corporate entities with the notation, 'less than \$500 consideration.'

20. Davis and Frank have repeatedly made fraudulent conveyances of real property among and between their limited liability companies and partnerships.

21. Davis formulated, directed, controlled or participated in the activities of Primo Acquisitions I, L.L.C., Data International Inc, Tax Acquisitions Xtrordinaire L.C., 3624 South Union, L.L.C. and Tax 216.

22. Frank formulated, directed, controlled or participated in the activities of Primo Acquisitions I, L.L.C., Data International Inc, Tax Acquisitions Xtrordinaire L.C., 3624 South Union, L.L.C. and Tax 216.

23. Davis, Frank and their business entities continue to offer homes for sale. The following individuals are representative fraud victims but are not intended to be an all inclusive list of victims.

Vincent Olmstead

24. In 1999 Vince Olmstead began renting a residence located at 3000 North Union, Des Moines, Iowa from John Davis and Christine Frank.

25. In late 2002 Davis told Olmstead that he must either purchase the residence (by the use of an installment contract) or his rental agreement would be terminated and Olmstead would be forced to move out.

26. Olmstead agreed to purchase the house. Olmstead went to the office of Davis and Frank where he was informed by Davis and Frank that instead of an installment purchase, Davis and Frank could arrange conventional financing for Olmstead to purchase the house.

27. Davis and Frank arranged for Olmstead's financing through Omaha mortgage broker Freedom Lending. Freedom Lending arranged for funding of the loan from New Century.

28. On December 27, 2002 Olmstead purchased the house from the Davis and Frank entity, Tax Acquisitions, L.C., for \$85,000. Freedom Lending obtained an appraisal which significantly overstated the true value of 3000 North Union.

29. The Polk County Assessor placed the fair market value of the property at 3000 North Union, Des Moines, Iowa on January 1, 2003 at \$43,540.

30. Davis, Frank and Tax Acquisitions Xtrordinaire, L.C. misrepresented to New Century that Olmstead made a down payment when in fact there had been no down payment. This misrepresentation was made by the creation of the 'Agreement to sell real estate' and the signing of the 'HUD-1 settlement statement.'

31. Olmstead never paid any down payment to Davis, Frank and Tax Acquisitions Xtrordinaire, L.C. or anyone else.

32. Davis, Frank and Tax Acquisitions Xtrordinaire, L.C. misrepresented to New Century that the \$11,479 necessary to close the transaction came from Olmstead when in fact Olmstead never paid such money to close the deal.

33. Davis, Frank and Tax Acquisitions Xtrordinaire, L.C. carried out this misrepresentation by the transmission of a \$11,479 cashier check to Clean Title. The actual source of the \$11, 479 was from an account controlled by Davis and Frank.

34. New Century was induced to lend \$72,250 to Olmstead for the purchase of the real estate based on the misrepresentations of Davis, Frank and Tax Acquisitions Xtrordinaire, L.C.

35. Provident Bank, as assignee of the New Century mortgage, foreclosed on Olmstead

in 2004.

36. The next recorded sale of 3000 North Union, Des Moines Iowa was for \$32,000 on January 31, 2005.

37. Olmstead was harmed as a result of the misrepresentations of Davis, Frank and Tax Acquisitions Xtrordinaire, L.C. because he was misled into purchasing an overpriced home on credit which resulted in damage to his credit history. New Century was harmed as a result of the misrepresentations of Davis, Frank and Tax Acquisitions Xtrordinaire, L.C. because it was induced to make an under-secured loan which resulted in a foreclosure.

Kristie and Larry Chestnut

38. In the Fall of 2001 Kristie and Larry Chestnut signed a real estate contract to purchase the property located at 1513 Jefferson, Des Moines, Iowa from Davis and Frank. The terms of the contract were as follows: \$800 down payment with monthly payments of \$550 and a total purchase price of \$57,500. The installment contract called for the balance due in two years, i.e., a balloon payment.

39. In the Spring of 2003 Davis notified the Chestnuts that they needed to make the balloon payment and that Davis and Frank would arrange for a finance company to contact the Chestnuts.

40. Kristie Chestnut was contacted by mortgage broker Mike Reiman of Freedom Lending who arranged a loan for them from New Century.

41. On March 31, 2003, Kristie Chestnut signed the New Century loan documents at the office of Davis and Frank to purchase the property at 1513 Jefferson. Although no improvements had been made on the house, Davis and Frank increased the purchase price from \$57,500 to

\$74,000.

42. The Polk County Assessor placed the fair market value of 1513 Jefferson, Des Moines, Iowa on January 1, 2003 at \$36,020. Freedom Lending obtained an appraisal from Linda Hintz which placed the value at \$74,000, significantly overstating the true value of the property.

43. Frank, Davis and 3624 South Union, L.L.C. wired funds to Clean Title purporting that \$13,000 of it was down payment by the Chestnuts.

44. By creating and signing the Agreement to Sell Real Estate, by signing the Declaration of Value and by the aforementioned sham wire transfer to Clean Title, Defendants misrepresented to New Century that a \$13,000 down payment was made by Chestnut when in fact there had been no down payment.

45. New Century was induced to lend \$62,900 to the Chestnuts based on the misrepresentations of Frank, Davis and 3624 South Union, L.L.C.

46. Proceeds from the sale of \$69,893.89 were wired to an Earlham Savings Bank account controlled by Davis and Frank on April 1, 2003.

47. The Chestnuts were harmed as a result of the misrepresentations of Davis, Frank and 3624 South Union, L.L.C. because they were misled into purchasing an overpriced home on credit which resulted in damage to their credit history. New Century was harmed as a result of the misrepresentations of Davis, Frank and 3624 South Union, L.L.C. because it was induced into making an under-secured loan which resulted in a foreclosure.

Daniel and Tracy Carlson

48. On March 31, 2003, Daniel and Tracy Carlson purchased residential real estate

located at 4115 Southeast 8th Des Moines, Iowa for \$115,000 from a partnership known as 'Tax 216.'

49. Tax 216 is a partnership of Davis and Frank.

50. The Polk County Assessor placed the fair market value of 4115 Southeast 8th Street, Des Moines, Iowa on January 1, 2003 at \$55,580. Freedom Lending obtained an appraisal from Linda Hintz which placed the value at \$115,000, significantly overstating the true value of the property.

51. On March 18, 2003 Davis and Frank wired funds to Clean Title of which \$7,000 was purported to be down payment by the Carlsons.

52. In fact, the total down payment by the Carlsons was \$200.

53. By creating and signing the Agreement to Sell Real Estate, by signing the HUD-1 Settlement Statement and the Declaration of Value and by the aforementioned sham wire transfer to Clean Title, Defendants misrepresented to New Century that a \$7,000 down payment was made when in fact there had been only a \$200 down payment.

54. New Century was induced to lend \$109,250 to the Carlsons based on the misrepresentations of Davis, Frank and Tax 216.

55. Proceeds from the sale of \$109,547.26 were wired to an Earlham Savings Bank account controlled by Davis and Frank on April 1, 2003.

56. The Carlsons lost the property at 4115 Southeast 8th through foreclosure in 2006.

57. The Carlsons were harmed as a result of the misrepresentations of Davis, Frank and Tax 216 because they were misled into purchasing an overpriced home on credit which resulted in damage to their credit history. New Century was harmed as a result of the misrepresentations

of Davis, Frank and Tax 216 because it was induced into making an under-secured loan which resulted in a foreclosure.

Brett and Barbara Sherrill

58. Brett and Barbara Sherrill purchased the property at 1180 13th Street, Des Moines, Iowa for \$85,000 from Primo Acquisitions on May 30, 2003.

59. The Polk County Assessor placed the fair market value of 1180 13th Street, Des Moines, Iowa on January 1, 2003 at \$33,290. Freedom Lending obtained an appraisal from Linda Hintz which placed the value at \$85,000, significantly overstating the true value of the property.

60. On March 19, 2003 Davis and Frank wired \$24,000 to Clean Title and Escrow of which \$13,000 was purported to be down payment by the Sherrills. In fact the Sherrills had made a down payment of only \$300.

61. By creating and signing the Agreement to Sell Real Estate and by signing the Declaration of Value and by the aforementioned sham wire transfer to Clean Title, Defendants misrepresented to New Century that a \$13,000 down payment was made.

62. New Century was induced to loan \$72,250 to the Sherrills based on the misrepresentations of Davis, Frank and Primo Acquisitions.

63. On June 2, 2003 proceeds from the sale of \$64,870.07 were wired to an Earlham Savings Bank account controlled by Davis and Frank.

64. Mortgage foreclosure proceedings have been initiated against the Sherrills.

65. The Sherrills were harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because they were misled into purchasing an overpriced home on credit

which resulted in damage to their credit history. New Century was harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because it was induced into making an under-secured loan which resulted in a foreclosure.

Michael Wilson and Christopher Parker

66. On May 31, 2003 Michael D. Wilson and Christopher Joel Parker purchased a residential property at 3711 3rd Street, Des Moines, Iowa for \$130,000 from Primo Acquisitions.

67. The Polk County Assessor placed the fair market value of property at 3711 3rd Street on January 1, 2003 at \$76,080. Freedom Lending obtained an appraisal from Linda Hintz which placed the value at \$130,000, significantly overstating the true value of the property.

68. On May 2, 2003 Davis wired funds to Clean Title of which \$9,250 was purported to be down payment from Wilson and Parker. In fact, the total down payment by Wilson and Parker was \$2,500.

69. By creating and signing the Agreement to Sell Real Estate, by signing the HUD-1 settlement statement and by the aforementioned sham wire transfer to Clean Title, Defendants misrepresented to New Century that a \$13,000 down payment was made when in fact there was only a \$2,500 down payment.

70. New Century was induced to loan \$110,500 to Wilson and Parker based on the misrepresentations of Davis, Frank and Primo Acquisitions.

71. Proceeds from the sale of \$117,357.02 were wired to an account controlled by Davis and Frank at Earlham Savings Bank account on June 3, 2003.

72. Wilson and Parker lost the property at 3711 3rd through foreclosure in 2005.

73. Wilson and Parker were harmed as a result of the misrepresentations of Davis, Frank

and Primo Acquisitions because they were misled into purchasing an overpriced home on credit which resulted in damage to their credit history. New Century was harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because it was induced into making an under-secured loan which resulted in a foreclosure.

Tracey Hempfling and James King

74. Tracey R. Hempfling and James E. King purchased residential property located at 1223 15th Street, Des Moines, Iowa for \$79,000 on July 15, 2003 from Primo Acquisitions.

75. The Polk County Assessor placed the fair market value of the property located at 1223 15th Street, Des Moines Iowa on January 1, 2003 at \$45,990. Freedom Lending obtained an appraisal from Linda Hintz which placed the value at \$80,000, significantly overstating the true value of the property.

76. Davis signed a HUD Settlement form indicating that \$7,900 of the \$79,000 contract sales price was 'deposit or earnest money.' Hempfling and King provided no deposit or earnest money.

77. Davis, Frank and Primo Acquisitions wired \$7,900 to Clean Title and Escrow which was purported to be down payment from Hempfling and King.

78. By creating and signing the Agreement to Sell Real Estate, by signing the HUD-1 settlement statement, Declaration of Value and IRS Form 1099S and by the aforementioned sham wire transfer to clean Title, Defendants misrepresented to New Century that a \$7,900 down payment was made when in fact there had been no down payment.

79. New Century was induced to loan \$71,100 to Hempfling and King based on the misrepresentations of Davis, Frank and Primo Acquisitions.

80. On July 16, 2003 proceeds of \$74,559.25 were wired to an account at Earlham Savings Bank controlled by Davis and Frank.

81. Tracey Hempfling and James E. King lost the property at 1223 15th Street through foreclosure. The next sale of the property after foreclosure was for \$38,000.

82. Hempfling and King were harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because they were misled into purchasing an overpriced home on credit which resulted in damage to their credit history. New Century was harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because it was induced into making an under-secured loan which resulted in a foreclosure.

Angela Browder

83. Angela Browder purchased residential property at 1112 Jefferson, Des Moines, Iowa for \$78,000 from Primo Acquisitions on July 31, 2003.

84. The Polk County Assessor placed the fair market value of the property at 1112 Jefferson on January 1, 2003 at \$23,570. Freedom Lending obtained an appraisal from Linda Hintz which placed the value at \$78,000, significantly overstating the true value of the property.

85. Davis, Frank and Primo Acquisitions wired \$3,900 to Clean Title which was purported to be down payment from Browder. In fact, Browder provided no down payment in connection with this transaction.

86. By creating and signing the Agreement to Sell Real Estate, by signing the HUD-1 settlement statement' and by the aforementioned sham wire transfer to Clean Title, Defendants misrepresented to New Century that \$3,900 down payment was made by Browder.

87. New Century was induced to loan \$62,400 to Browder based on the

misrepresentations of Davis, Frank and Primo Acquisitions.

88. On August 1, 2003, proceeds from the sale of \$60,803.47 were wired to an account at Earlham Savings Bank controlled by Davis and Frank.

89. Browder lost the property in a mortgage foreclosure action in 2005.

90. The next sale of the property at 1112 Jefferson after foreclosure was on November 22, 2005 for \$29,000.

91. Browder was harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because she was misled into purchasing an overpriced home on credit which resulted in damage to her credit history. New Century was harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because it was induced into making an under-secured loan which resulted in a foreclosure.

Brent and Channell Sherrill

92. Brent and Channell Sherrill purchased residential real property at 1212 15th Street, Des Moines, Iowa for \$84,000 from Primo Acquisitions on July 31, 2003.

93. The Settlement statement for the sale indicates that the sales price for 1212 15th Street was \$84,000 and there was a down payment or deposit of \$4,200. Neither Brent nor Channell Sherrill made any down payment.

94. The Polk County Assessor placed the fair market value of 1212 15th Des Moines Iowa on January 1, 2003 at \$30,880. Freedom Lending obtained an appraisal from Linda Hintz which placed the value at \$85,000, significantly overstating the true value of the property.

95. On April 17, 2003 Davis wired \$5,000 to Clean Title and Escrow of which \$4,200 was purported to be down payment from the Sherrills. In fact, the Sherrills made no down

payment in connection with this transaction.

96. By creating and signing the Agreement to Sell Real Estate, by signing the HUD-1 settlement statement, Declaration of Value, IRS Form 1099S and by the aforementioned sham wire transfer to Clean Title, Defendants misrepresented to New Century that a down payment was made.

97. New Century was induced to loan \$67,200 to the Sherrills based on the misrepresentations of Davis, Frank and Primo Acquisitions.

98. On August 1, 2003 proceeds from the sale of \$65,344.32 were wired to an Earlham Savings Bank account controlled by Davis and Frank.

99. Mortgage foreclosure proceedings have been initiated against the Sherrills in Polk County District Court.

100. The Sherrills were harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because they were misled into purchasing an overpriced home on credit which resulted in damage to their credit history. New Century was harmed as a result of the misrepresentations of Davis, Frank and Primo Acquisitions because it was induced into making an under-secured loan which resulted in a foreclosure.

William and Barbara Bonds

101. William W. Bonds and Barbara Bonds purchased a residence at 1554 23rd Street, Des Moines, Iowa for \$75,000 from Data International, Inc. on March 31, 2004.

102. The Polk County Assessor placed the fair market value of property at 1554 23rd Street on January 1, 2003 at \$27,320. Freedom Lending obtained an appraisal from Linda Hintz which placed the value at \$75,000, significantly overstating the true value of the property.

103. On February 29, 2004 Davis, Frank and Data International, Inc. wired \$3,750 to Clean Title which was purported to be down payment by the Bonds.

104. By creating and signing the Agreement to Sell Real Estate, by signing the Declaration of Value, the IRS Form 1099S and by the aforementioned sham wire transfer to Clean Title, Defendants misrepresented to New Century that a \$3,750 down payment was made when in fact there had been no down payment.

105. New Century was induced to loan \$63,750 based on the misrepresentations of Davis.

106. On April 1, 2004 proceeds from the sale of \$62,516.19 were wired to a bank account controlled by Davis and Frank.

107. The Bonds lost property at 1554 23rd Street in a foreclosure action by New Century in the June of 2005.

108. The Bonds were harmed as a result of the misrepresentations of Davis, Frank and Data International, Inc. because they were misled into purchasing an overpriced home on credit which resulted in damage to their credit history. New Century was harmed as a result of the misrepresentations of Davis, Frank and Data International, Inc. because it was induced into making an under-secured loan which resulted in a foreclosure.

CAUSES OF ACTION

109. Paragraphs 1 through 108 are incorporated herein by reference.

COUNT I

CONSUMER FRAUD

110. Defendants' sales practices constituted deception as defined in Iowa Code § 714.16, and, therefore were unlawful, pursuant to Iowa Code § 714.16(2)(a).

111. Defendants' sales practices constituted unfair practices as defined in Iowa Code § 714.16, and, therefore were unlawful, pursuant to Iowa Code § 714.16(2)(a).

112. Defendants' sales practices constituted fraud, false pretense, false promises and or misrepresentations and, therefore were unlawful, pursuant to Iowa Code § 714.16(2)(a).

113. Defendants' sales practices constituted omission, concealment or suppression of material fact with the intent that others rely thereon, and, therefore were unlawful, pursuant to Iowa Code § 714.16(2)(a).

COUNT II

ONGOING CRIMINAL CONDUCT

114. John Davis and Christine Frank, as owner, officer, manager or member, are the high managerial agents of the Primo Acquisitions, Tax 216, Tax Acquisitions Xtrordinaire L.C., Data International, Inc. and 3624 South Union, L.L.C.

115. Some of the actions which constitute ongoing criminal conduct include, but are not limited to, the following:

- (a) Creating documents to give the appearance that the purchasers had made substantial down payments when, in fact, the purchasers had not done so as alleged in paragraphs 13 through 108.

- (b) Creating documents to give the appearance that the purchasers had made

substantial payments at the real estate closings when, in fact, the purchasers had not done so as alleged in paragraphs 13 through 108.

(c) Wiring money or transferring money via cashier check to the closing agent to make it appear that the purchasers had made a substantial down payment when, in fact, the purchasers had not done so as alleged in paragraphs 13 through 108.

(d) Creating the impression with the lender that the inflated sales price was the true market value to induce the lender to loan substantial sums of money as alleged in paragraphs 13 through 108.

116. The Defendants herein have engaged in specified unlawful conduct in that, for financial gain on a continuing basis, Defendants committed crimes in the State of Iowa punishable as indictable misdemeanors and/or did negligently allow property owned or controlled by the Defendants to be used to facilitate specified unlawful activity, as follows:

(a) Tampering with Records in violation of Iowa Code § 715A.5 (aggravated misdemeanor), in that Defendants, knowing they had no privilege to do so, tampered with records by falsifying writings or records with the intent to deceive or to conceal a wrongdoing.

(b) Theft by Deception in violation of Iowa Code § 714.1(3) in that the Defendants obtained property of another by deception creating another's belief as to the existence of a fact which is false and which actor knows to be false, the amount exceeding \$10,000. Iowa Code § 714.2(1) (a class C felony).

(c) Money Laundering in violation Iowa Code § 706B.2(1)(b) (class C felony) in that the Defendants made property available by transaction knowing that it was

intended to be used for the purpose of committing or furthering the commission of specified unlawful activity.

117. By their very nature the predicate acts described in paragraphs 13 through 108 above project into the future with a threat of repetition and are not isolated events.

118. John Davis, Christine Frank, Primo Acquisitions, Tax Acquisitions Xtrordinaire, L.C., Data International, Inc., 3624 South Union, L.L.C. and Tax 216 acted in concert with one another in furtherance of the above mentioned offenses.

119. Defendants have engaged in acts of specified unlawful activity in violation of Iowa Code § 706A.2(4), in that for financial gain on a continuing basis, they committed acts punishable as indictable misdemeanors in the State of Iowa, as set forth in paragraphs 13 through 108.

REQUEST FOR RELIEF

The State respectfully requests the Court grant relief against the Defendants as follows:

Consumer Fraud

A. That the Court, pursuant to Iowa Code § 714.16(7), permanently enjoin each of the Defendants and (as applicable) each Defendant's directors, officers, principals, partners, employees, agents, representatives, subsidiaries, affiliates, successors, assigns, merged or acquired predecessors, parent or controlling entities, and all other persons, corporations, or other entities, acting in concert or participating with Defendants who have actual or constructive notice of the Court's injunction from engaging in the unlawful acts and practices alleged in this Petition or otherwise violating the Iowa Consumer Fraud Act.

B. That the Court expand the provisions of the permanent injunctions as necessary by

including such “fencing in” provisions as are reasonably necessary to ensure that the Defendants and other enjoined persons and entities do not return to the unlawful practices alleged herein, or commit comparable violations of law.

C. That the Court enter judgment against Defendants, jointly and severally, for amounts necessary to restore to consumers all money acquired by means of acts or practices that violate the Consumer Fraud Act, pursuant to Iowa Code § 714.16(7).

D. That the Court enter judgment against Defendants, jointly and severally, for such additional funds as are necessary to ensure complete disgorgement of all ill-gotten gains traceable to the unlawful practices alleged herein, pursuant to Iowa Code § 714.16(7).

E. That the Court enter judgment against Defendants, jointly and severally, for up to \$40,000.00 for each separate violation of the Consumer Fraud Act, by each Defendant, pursuant to Iowa Code § 714.16(7).

F. That the Court award the State interest as permitted by law.

G. That the Court enter judgment against Defendants, jointly and severally, for mandatory attorney fees, state’s costs and court costs, pursuant to Iowa Code § 714.16(11).

H. That the Court grant such additional relief as the Court deems just and equitable.

Ongoing Criminal Conduct

I. That the Court, pursuant to Iowa Code § 706A.3(3)(a)-(g), Ongoing Criminal Conduct, order any or all of the following civil remedies as appropriate:

(1) Order any Defendant to divest themselves of any interest in the enterprise, or in any real property.

(2) Impose reasonable restrictions upon the future activities or investments of

Defendants, including, but not limited to, prohibiting any Defendant from engaging in the same types of endeavors as alleged herein.

(3) Order the dissolution or reorganization of the enterprise.

(4) Order the payment of all reasonable costs and expenses of the investigation and prosecution of this matter, including reasonable attorney fees in the trial and appellate courts.

(5) Order the forfeiture of any property subject to forfeiture under chapter 809A.

(6) Order the suspension or revocation of any license, permit, or prior approval granted to Defendants by any agency of the State of Iowa.

(7) Order the revocation of any certificate authorizing the Defendant foreign corporations to conduct business within this State of Iowa.

J. That the Court enter judgment against the Defendants, jointly and severally, for threefold the proceeds acquired, maintained, produced, or realized by or on behalf of the Defendants by reason of a violation of this chapter pursuant to Iowa Code § 706A.3(12).

K. That the Court enter judgment against the Defendants, jointly and severally, for threefold the property involved in Money Laundering by reason of a violation of this chapter pursuant to Iowa Code § 706B.2(3).

L. That the Court enter judgment against the Defendants, jointly and severally, for the costs and expenses of the investigation and prosecution of this action, including reasonable attorney fees.

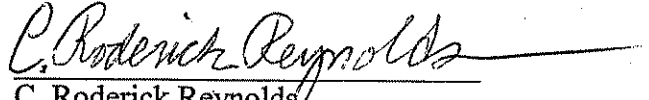
M. That the Court retain jurisdiction for purposes of enforcement.

N. That the Court grant such additional relief as the Court deems just and equitable.

Respectfully submitted,

THOMAS J. MILLER
Attorney General of Iowa

By:

A handwritten signature in cursive script, reading "C. Roderick Reynolds", followed by a horizontal line.

C. Roderick Reynolds

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